

FRIDAY | 12 JULY 2024

## Case Update



# TNERC DIRECTS TANGEDCO TO MAKE PAYMENTS TO TPCL AT FULL APPC RATE

ORDER DATED: 9TH JULY 2024



The Tamil Nadu Electricity Regulatory Commission (“TNERC”) has passed an order on 09.07.2024 holding that Tamil Nadu Generation and Distribution Corporation Limited, (“TANGEDCO”) is directed to make payments to Tata Power Company Limited (“TPCL”) at the full APPC rate without applying any cap whenever the APPC rate does not Breach the preferential tariff determined by the Commission for the control period in which the plant was commissioned.

TPCL had approached TNERC seeking a differential claim towards the Average Power Purchase Cost (“APPC”) applied by TANGEDCO for wrongfully fixing the rate at 75% of the preferential tariff rates even for the years where the APPC rates did not breach the preferential tariff rates in terms of the Order dated 19.01.2022 passed by the TNERC in D.R.P. No.07 of 2021 titled as *M/s. Grace Infrastructure Pvt. Ltd v. TANGEDCO* (“Grace Infra Judgment”) during the period of FY 2012-13 to FY 2017-18.

The Commission for the purposes of determination of breach of preferential tariff by APPC, held that the comparison of APPC shall be done only with the preferential tariff applicable to a category of generators prevailing in the control period in which the plant was commissioned and no comparison of APPC shall be done with the SECI price or any other market price obtained in the competitive bidding.

In lieu of the above TANGEDCO was directed to make payments to the petitioner at full APPC rate without applying any cap whenever the APPC rate does not breach the preferential tariff determined by the Commission for the control period in which the plant was commissioned. The Commission also held that whenever the APPC rate breaches the preferential tariff determined by the Commission, TANGEDCO is directed to make payments to the petitioner at the 75% of the preferential tariff fixed by the Commission for the control period in which the plant was commissioned. The Respondent, therefore was directed to verify the claim of Rs. 53.72 crores made by the petitioner in the present petition with reference to the finding and direction made and make payment accordingly.

Tata Power Company Limited was represented by Mr. Shri Venkatesh, Managing Partner assisted by Mr. Suhael Buttan, Counsel, Mr. Vineet Kumar, Senior Associate and Mr. Nikunj Bhatnagar, Associate.

The order can be accessed [here](#).